



McCormick Reports Double-Digit Earnings Growth on Strong Top Line Results

September 29, 2004

SPRING, Md., Sep. 29 /PRNewswire/—McCormick & Company, Incorporated (NYSE:MKC), today reported record third quarter sales and earnings per share from continuing operations for the quarter ended August 31, 2004:

- Sales increased 10% to \$814 million
- Earnings per share from continuing operations increased 18% to \$2.33
- Year-to-date, net cash flow from continuing operations reached \$109 million compared to \$19 million a year ago.

Sales for the quarter were \$814 million, an increase of 10% versus the third quarter of 2003. Higher volume, pricing and product mix contributed 7% of the increase, and 3% was added by favorable foreign exchange rates.

Earnings per share from continuing operations for the third quarter increased 18% to \$2.33 compared to \$2.01 in the third quarter of 2003. Compared to the prior year, gross profit margin rose 20.0% versus 20.1%, and operating income margin rose 12.1% versus 11.2%. The increase in operating income margin is a result of higher advertising and research and development expenses. The Company used a portion of the proceeds from the settlement of the class action lawsuit received in the second quarter to fund these marketing and product development efforts.

Year-to-date, net cash flow from continuing operations was \$109 million compared to \$19 million in the prior year. For the third quarter, net cash flow from continuing operations rose to \$42 million from \$6 million a year ago. Contributing to the increase for the quarter and year were higher net income from continuing operations and a reduction in inventory that is being driven by supply chain initiatives.

Chairman's Comments
Robert J. Lavigne, Chairman, President & CEO, commented, "We are extremely pleased with our third quarter results. These results are a good illustration of our strategy in action: to improve margins, invest in the business and grow sales and profits. With gross profit margin up 3 percentage points, we are creating fuel for initiatives that include marketing programs, product development and our R&D program. These types of investments are leading to higher sales and profits for both segments of our business. In the third quarter we increased consumer sales 12% and industrial sales 9%. Profits also increased with operating profit up 18% and net income from continuing operations up 18%.

"Our U.S. consumer business had exceptionally strong sales performance this quarter. We increased Zestaro's sales 23% and sales of other U.S. consumer products 12%. This performance was driven by the Zestaro's new mixes including the Ready to Serve products introduced earlier in 2004, and higher sales of granola, Hispanic products, GrillMates sauces and blended seasonings. Pricing actions, as a result of higher cost levels, also contributed to the increase. Market conditions in certain parts of Europe and the Asia/Pacific region are challenging. In these areas we are focused on maintaining share and exploring multiple strategic growth.

"Sales for the industrial business continued to strengthen with new products for quick service restaurants and improved sales of snack seasonings. In particular, sales of coating systems are up significantly year-to-date compared to 2003. Our ability to develop consumer-preferred flavors is paying off as we deliver winning products to our customers. In international markets, we are shifting our emphasis toward more value-added, higher-margin products. While this initiative is affecting near-term sales performance, in the long term it will lead to improved profitability.

"Given our year-to-date results and current financial projections, we expect to increase sales for the full year at a low double-digit rate. Our earnings per share target of \$1.51-\$1.54 remains unchanged from our initial goal for 2004. Net cash flow from operations after net capital expenditures and dividends will exceed \$100 million, and we are using the majority of this cash to repurchase shares during 2004.

"In summary, we have gained momentum as we begin our most significant quarter of the year and we are pleased with our line-up of products and marketing support for the upcoming holiday season. Employees throughout the Company are working hard to deliver another record year for McCormick in 2004."

Business Segment Results

Consumer Business

(in thousands)	Three Months Ended	Nine Months Ended
8/31/04	8/31/03	8/31/04
Net sales	\$323,239	\$771,634
Operating income	\$6,176	\$5,364

For the third quarter, sales for McCormick's consumer business rose 12% when compared to 2003. Higher volume added 6% to sales, price and favorable product mix added 3% and favorable foreign exchange added 2%. In the Americas, sales increased 13% with volume up 8% and price and product mix adding 5%. New product success and effective marketing drove higher volumes during the quarter as well as new distribution gained in 2003 with a major grocery retailer. In addition to these volume increases, pricing was higher in the Americas for vanilla products in response to higher vanilla bean costs. Consumer sales in Europe increased 6% for the quarter, with 8% due to favorable foreign exchange. Sales in the region were affected by more intense competitive conditions. In the Asia/Pacific region, consumer sales increased 2%. Foreign exchange added 5%, while Asia/Pacific product mix is stable and an emphasis on higher margin products in China led to net 5% decline in volume, price and production.

Operating income from continuing operations for the consumer business increased 2% to \$67 million for the third quarter of 2004, despite a \$3 million increase in advertising. This higher income was driven by strong sales performance, an emphasis on higher-margin products and cost reduction efforts. Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Industrial Business

(in thousands)	Three Months Ended	Nine Months Ended
8/31/04	8/31/03	8/31/04
Net sales	\$110,305	\$285,978
Operating income	\$1,207	\$1,438

For the third quarter of 2004, sales for McCormick's industrial business increased 9% when compared to 2003. Higher volume added 2% and favorable foreign exchange added 2%. In the Americas, industrial sales rose 9% due to an 8% volume increase that was driven largely by new products. Industrial sales in Europe increased 10% for the quarter, with foreign exchange contributing 11%. A continued shift in emphasis to higher margin products resulted in reduced sales of certain lower margin products. In the Asia/Pacific region, industrial sales rose 2% in the third quarter, due to favorable foreign exchange. The introduction of product such as granola sales offset net increase in sales. From non-valor-added products during the quarter.

In the third quarter of 2004, industrial business operating income increased 12% to \$27 million, despite higher product research and development costs. This income rose the result of higher sales, an emphasis on more value added, higher-margin products and cost reduction efforts. Operating income margin for the third quarter rose to 10.1% from 9.7% in the prior year.

Line Website

As previously announced, McCormick will hold a conference call with the analysts today at 10:00 a.m. ET. The conference call will be web cast via the McCormick corporate web site <http://www.mccormick.com>. Click on "Company Information" then "Investor Services," and follow directions to listen to the call. At this same location, a replay of the call will be available for one week following the live call. Past press releases and additional information can be found at the Company's website.

Forward-Looking Statements

Certain information contained in this release, including expected trends in net sales and earnings performance, are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's current views and assumptions and involve risks and uncertainties that could be materially affected by external factors such as: actions of competitors, customer relationships, market acceptance of new products, actual amount and timing of special charge items, removal and disposal costs, final negotiations of third-party contracts, the impact of the stock market conditions on its share repurchase program, fluctuations in the cost and availability of supply chain resources, global economic conditions, including interest and currency rate fluctuations, and inflation rates. The Company undertakes no obligation to update or revise publicly, any forward-looking statements, whether as a result of new information, future events or otherwise.

About McCormick

McCormick & Company, Incorporated is the global leader in the manufacture, marketing and distribution of spices, seasonings and flavors to the entire food industry - in foodservice and food processing businesses as well as to retail outlets.

Third Quarter Report McCormick & Company, Incorporated

Consolidated Income Statement (Unaudited)

(in thousands except per share data)

Three Months Ended Nine Months Ended

8/31/2004 8/31/2003 8/31/2004 8/31/2003

Net sales \$613,544 \$507,612 \$1,782,069 \$1,570,973

Cost of goods sold 374,385 345,131 1,089,298 974,587

Gross profit 239,159 212,481 692,771 596,386

Gross profit margin 39.0% 38.1% 38.9% 38.0%

Selling, general & administrative expenses 144,963 148,493 493,848 420,326

Special charges / (credits) 195 1,349 (6,184) 1,542

Operating income 74,001 62,729 205,107 174,118

Interest expense 10,558 10,027 29,826 29,216

Other income, net (52) (70) (1,246) (7,317)

